Report to the Governor



The Gender Wage Gap in Connecticut: Findings and Recommendations

Report prepared by The Gender Wage Gap Task Force November 7, 2013

Objectives of the Gender Wage Gap Task Force:

- Study the factors that contribute to the gender wage gap in Connecticut's private sector;
- Identify best practices that can be implemented to address the gender wage gap; and
- Make recommendations for actions that can be taken by businesses to remedy this inequity.

Outline of Report

- I. Executive Summary
- II. Our Process
- III. Current Assessment of the Gender Wage Gap in Connecticut
- IV. Recommendations
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Executive Summary

Governor Dannel P. Malloy called for the Connecticut Department of Labor and the Connecticut Department of Economic and Community Development to study the factors that contribute to the gender wage gap in Connecticut and make recommendations to eliminate it.

Both nationally and in Connecticut, women earn less than men. The total gender wage gap in Connecticut is 31.5%. Among all full-time, year-round workers, Connecticut women earn, on average, 22%²-24.2%³ less than men. This gap is even more pronounced among minority women. Understanding this inequity is not a simple matter. Many factors contribute to the overall wage gap including education and skills, experience, union membership, training, performance, hours worked and the careers women and men choose. However, even after these factors are controlled for, an estimated wage gap of 5-10% remains. The task force has identified six key contributors to the gender wage gap in Connecticut: unconscious bias, occupational segregation, lower starting salaries and positions for women, women's slower career advancement, the existence of a glass ceiling and a lack of support for working families.

The gender wage gap is more than a "women's issue"—it is an economic issue. Women play an increasingly important role in the economic security of their families. More mothers than ever before are the sole or primary breadwinners of their families. Yet, women in Connecticut are more likely than men to live in poverty and below the self-sufficiency standard. 24% of households in Connecticut headed by women with children fall below the federal poverty level.⁴ Eliminating the wage gap would provide critical income to these families. The additional money earned could be spent to raise the quality of life and purchase much needed products and services for the welfare of families, which would in turn create jobs and stimulate the economy. Furthermore, as

Lieutenant Governor Nancy Wyman stated, "A lifetime of earning less pay not only means a smaller paycheck, but also means a retirement with less security for a woman and her family." 5

Access to fair wages for women would be a major stimulus to Connecticut's economy. Women account for approximately \$7 trillion in consumer and business spending in the United States and control nearly 73% of household spending. Economist Heidi Hartmann, of the Institute for Women's Policy Research, estimates that eliminating the gender wage gap would stimulate the United States economy by at least three to four percentage points. This estimate grows when women's labor force participation increases as a result of higher pay.

Connecticut has made noteworthy progress in recent years that will help improve pay equity.

- In 2009, the state legislature passed, "An Act Concerning Penalties for Violations of Certain Personnel File Statutes and Equal Pay for Equal Work." This bill prohibits pay discrimination on the basis of sex, extends the period to make a claim of discrimination from one year to two years following a violation, expands the whistleblower protections to include those who testify or assist in a gender wage proceeding and makes companies subject to a \$300 civil penalty for each violation.
- In 2011, Connecticut became the first state in the nation to mandate paid sick leave for employees in companies with 50 or more employees. Hourly, non-exempt service workers such as healthcare, food service/restaurant, janitorial, hospitality, retail and many others now accrue one hour of sick leave for every 40 hours worked, per calendar year. The earned sick days can be used for a worker's, or their spouse or child's, recovery from illness, treatment of illness, preventative medical care and medical, psychological or other aspects of recovery related to family violence or sexual assault. This law will undoubtedly benefit women, who are more likely to shoulder the responsibility of caring for family members.

Connecticut still has a long way to go before the gender wage gap is eliminated. In our discussions with many key stakeholders throughout the state and from benchmarking other research, we believe there are actions the state can take to improve the wage gap. A complete list can be found later in this report, but some of the recommendations include:

- ➤ Increase awareness of the gender wage gap by holding a conference on pay equity, promoting unconscious bias trainings and generating educational materials about existing equal pay laws that can be used in private companies.
- Recognize the "best businesses for women" in Connecticut.
- ➤ Identify and promote private sector jobs that offer greater levels of long term economic security for women.
- ➤ Coordinate with programs designed to encourage girls and minority groups to explore non-traditional occupations, particularly in STEM fields.
- Encourage colleges and universities to teach students, especially young women, how to leverage their market value in the private sector by negotiating their salaries and starting positions.

- > Increase support to working women.
- > Encourage companies to self-audit, evaluate and correct any gender pay gaps.
- > Encourage companies to limit the practice of pay secrecy by publishing salary ranges and to foster open discussion regarding wages among employees.
- > Develop a methodology for companies serving as state contractors of goods and services to report on gender pay equity.

Our Process

Data

In studying the wage gap, it would be ideal to compare wages for identically qualified workers in the same occupation. However, it is challenging to make this comparison without a large study of various occupations. For the purposes of this report, we rely on the existing data from the Connecticut Department of Labor (DOL) and Census to draw conclusions.

Observed Wage Differences in Selected CT Industry Sectors

Average Monthly Earnings											
Annual as of Q1 2012											
Industry	Male	Female	Difference	% Dif							
Finance & Insurance	\$19,135	\$7,500	-11,636	-61%							
Prof, Scientific and Tech Services	\$9,449	\$5,455	-3,995	-42%							
Heath Care and Social Servcies	\$6,018	\$3,508	-2,511	-42%							
Retail Trade	\$3,388	\$2,009	-1,379	-41%							
Arts, Entertainment & Recreation	\$3,150	\$2,074	-1,077	-34%							
Information	\$7,911	\$5,468	-2,443	-31%							
Manufacturing	\$7,116	\$5,084	-2,032	-29%							
Education Services	\$5,408	\$4,170	-1,238	-23%							
Source: CTDOL & U.S. Census Bureau LED Program.											

Current industry data from DOL show average monthly and new hire earnings by gender, but do not differentiate between occupations within each sector. Moreover, the data do not differentiate between full-time and part-time work. The Census American Community Survey (ACS) data that break down wages by occupation group and gender are fairly aggregated, as shown in the table below, making meaningful occupational comparisons still difficult.

Connecticut Annual Median Earnings for Selected Occupation Groups

(Census ACS, 2011 Annual Average)											
	Employment Total	Male	Female	Median Earnings	Male Median Earnings	Female Median Earnings	Gender Earnings Difference	% Difference			
Sales and related occupations	191,215	53%	47%	32,006	49,340	18,926	-30,414	-61.6%			
Legal occupations	25,410	50%	50%	91,316	135,181	61,312	-73,869	-54.6%			
Personal care and service occupations	69,367	25%	75%	16,731	26,987	14,978	-12,009	-44.5%			
Building and grounds cleaning and maintenance occupations	68,848	61%	39%	21,142	27,544	15,956	-11,588	-42.1%			
Arts, design, entertainment, sports, and media occupations	35,110	53%	48%	38,719	50,099	31,097	-19,002	-37.9%			
Management, business, and financial occupations:	282,259	57%	43%	75,489	91,133	62,293	-28,840	-31.6%			
Education, training, and library occupations	131,343	27%	73%	45,449	56,978	40,126	-16,852	-29.6%			
Food preparation and serving related occupations	89,486	46%	54%	14,717	16,700	12,297	-4,403	-26.4%			
Healthcare practitioner and technical occupations:	104,235	26%	74%	62,368	81,276	60,358	-20,918	-25.7%			
Architecture and engineering occupations	34,470	88%	12%	76,099	77,757	62,535	-15,222	-19.6%			
Healthcare support occupations	50,216	12%	88%	26,497	30,439	26,222	-4,217	-13.9%			
Computer, engineering, and science occupations:	100,437	74%	26%	76,204	79,221	70,223	-8,998	-11.4%			
Construction and extraction occupations	75,846	98%	2%	40,224	40,269	36,250	-4,019	-10.0%			
Office and administrative support occupations	229,767	27%	73%	33,454	32,651	33,673	1,022	3.1%			
Community and social services occupations	34,466	33%	68%	41,458	39,286	42,366	3,080	7.8%			
Source: CTDOL & U.S. Census ACS.											

Literature Review

In addition to data available at the national and state level, the task force consulted comprehensive studies from well respected research institutions. To name a few:

- ➤ Three reports from the American Association of University Women (AAUW) —Behind the Pay Gap, Graduating to a Pay Gap and The Simple Truth about the Gender Pay Gap
- A set of reports from Catalyst studying high potential earners—*The Myth of the Ideal Worker* and *Pipeline's Broken Promise*
- Women Matter: Gender Diversity, a Corporate Performance Driver and Women Matter 2: Female Leadership, a Competitive Edge for the Future from McKinsey & Company

Experts Consulted

The Institute for Compensation Studies (ICS) at Cornell University prepared an in-depth presentation on the wage gap in the United States and Connecticut. Executive Director, Linda Barrington, Ph.D., presented their report, "Considering the Gender Pay Gap," to members of the task force. Information from ICS and their presentation is used throughout this report.

AAUW's Vice President of Government Relations, Lisa Maatz, phoned-in to a meeting to discuss AAUW's research on the gender wage gap, best practices in other states and possible recommendations for this report.

Focus Groups

The task force had the privilege of speaking with three separate focus groups on the issue of gender pay equity.

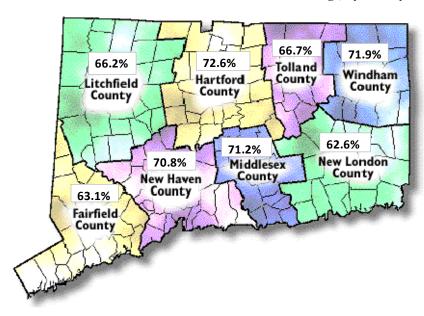
- Approximately 25 human resources professionals shared their experiences with us at the Human Resources Leadership Forum;
- A group of approximately 20 women, ranging from administrative professionals to nurses to highly skilled manufacturers, joined us in discussion at the Connecticut State AFL-CIO Convention in September; and
- A group of over 15 small business leaders reflected on their experiences and perceptions at a round table discussion organized by the Connecticut Business and Industry Association.

These discussions largely reinforced the research we consulted and provided powerful examples of how the gender wage gap affects Connecticut families and businesses.

Current Assessment of the Gender Wage Gap in Connecticut

The total gender wage gap among *all* employed workers is 29.6% nationally and 31.5% in Connecticut. Among full-time, year-round workers, women earn 21.2% ¹⁰-23% ¹¹ less than men nationally and 22% ¹²-24.2% ¹³ less than men in Connecticut. Put another way, on average, a woman in Connecticut earns only 75.8-78 cents for every dollar a man earns.

Ratio of Female to Male Median Annual Earnings, by County



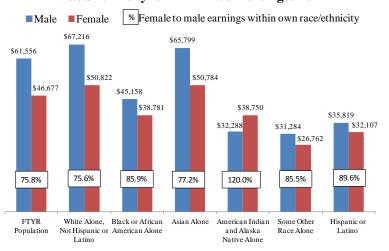
Data Source: 2009-2011 ACS 3-year estimates, series no. B20004, accessed on June, 13, 2013 by Cornell ICS; Image Source: CT Dept. of Economic and Community Development

As of 2011, Connecticut's gender wage gap among full-time, year-round workers ranked 25th in the nation.¹⁴ The state's gap varies significantly by county, as seen in the map to the left.¹⁵

While this report will not focus on race and ethnicity, it is worth noting that the gender wage gap is even more pronounced among minority women. Hispanic, Latina and African American women all have lower earnings compared to white and Asian women.

African American women in Connecticut earn 58% of white men's earnings, while Hispanic and Latina women earn only 48% of white men's earnings. With an increasing number of retirees and a fast growing minority population, Connecticut is losing its higher income workers. If racial and ethnic wage gaps continue, Connecticut's workforce per capita income will decline 8.6% from 2010-2030. Services that support retirees, such as pensions and healthcare, will increasingly rely on taxes from this declining workforce income. However,

Connecticut Median Annual Earnings by Sex and Race/Ethnicity for FTYR Workers Ages 16+



Data Source: 2009-2011 ACS 3-year estimates; Chart Source: Cornell ICS

if racial wage gaps are closed by 2015, then workforce per capita income will increase 12% from 2010-2030.¹⁹

To better understand the gender wage gap, it must be adjusted for "explanatory factors" including hours worked (full-time, part-time, seasonal, and year-round), years of relevant experience, skills, education level, occupation and union status. A Cornell School of Industrial and Labor Relations study (using data from Blau and Kahn, 2006) found 41% of the gender pay gap remained after controlling for educational attainment, labor experience, race, occupational category, industry category and union status. This resulted in an adjusted gender pay gap between 5% and 10%. A 2009 United States Department of Labor study including similar variables, but additionally controlling for full-time/part-time status and opting out to care for family, reported an adjusted pay gap between 4.8% and 7.1%. A 2012 AAUW study found an adjusted pay gap of 7% one year after college graduation. These studies suggest an unexplained wage gap between 5% and 10% in Connecticut. This remaining gap is attributed to unidentified contributing factors and can include discrimination.

Key Contributors to the Gender Wage Gap

Unconscious Bias

Many of the potential reasons for the gender wage gap have their roots in a common factor: gender discrimination continues to be imbedded in our culture.

Intentional gender discrimination in the workplace is far less common today, but subtle forms of gender bias still exist. According to a *Harvard Business Review* article, the discrimination we see today, "... does not require intent to exclude; nor does it necessarily produce direct, immediate harm to the individual. Rather, it creates a context—akin to "something in the water"—in which women fail to thrive or reach their full potential."²⁴

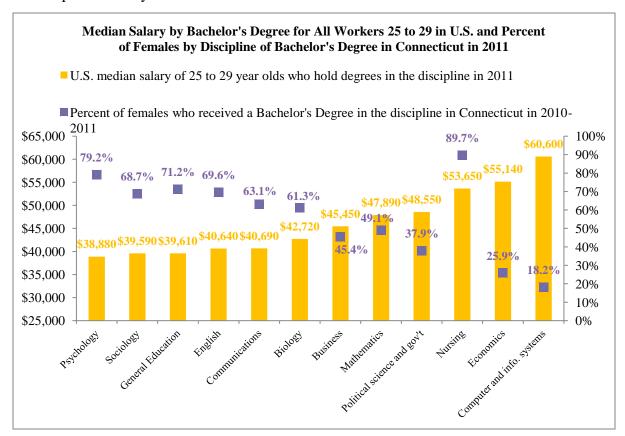
Researchers at Yale, Harvard and The University of Texas find employers may have an unconscious bias against women when granting flextime to employees. Managers were most likely to approve flextime requests from high-status men seeking to advance their careers when comparing (fictitious) male and female employees of either high or hourly status, requesting flextime for career development or childcare. Requests from the women were unlikely to be granted, irrespective of the reason. This study simply demonstrates a gender bias may exist among managers. In reality, women, particularly mothers, are more likely than men to take advantage of available flextime. However, this unconscious gender discrimination is significant when considering any penalties a flextime employee might experience, such as foregone promotions or raises.

The effects of this "unconscious discrimination" are seen in the way young women are influenced when choosing a college major, when mothers are not considered for a promotion because of a requirement to travel, in the way women's actions in the workplace are scrutinized differently than men's, in unintentional exclusion from a network of mentors and, ultimately, in women's underrepresentation at the highest levels of leadership.

This type of bias is particularly dangerous because it is virtually invisible—often women themselves are unaware they have experienced it.

Occupational Segregation

Women tend to congregate in traditionally female occupations that pay less than male occupations, even when the same level of skill is required.²⁹ As more women have entered the workforce, many have chosen occupations that are an extension of the work they were responsible for in the home, such as caretaking, teaching or nursing. In 2011, over 40% of working women were employed in traditionally female occupations.³⁰ The graph below shows a troubling trend—the higher the percentage of women earning a degree in a field, the lower the median salary in that field. Nearly 50% of the total gender wage gap is attributed to occupational category and industry category.³¹ This portion of the gap is considered explained, whether or not the salaries for occupations comprised mostly of women are fair.³²



Note: Nursing degree applies to registered nursing training (RN, ASN, BSN, MSN)

Data Source: IPEDS Data Center and National Center for Education Statistics, Table 447; Chart Source: Cornell ICS

Even in occupations where women make up the majority, they are still paid less than men. In Connecticut, women account for 68% of employees in education, training or libraries, but earn only 80% of what men in the same occupation earn.³³ The outlook is better for female healthcare support professionals where women make up 86% of the total employees and earn 97% of what men earn, yet the inequity still persists.³⁴

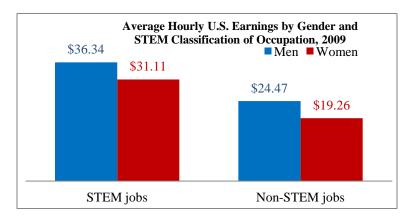
In Minnesota's 1994 pay equity report, occupational segregation was described as, "the most important reason for the persistence of the wage gap." Minnesota undertook a comparable work evaluation to determine whether jobs where women were the majority were paid appropriately in relationship to jobs where men were the majority. Their system for job analysis used four factors to rate occupations: know-how, problem-solving, accountability and working conditions. The results showed the highest rated of the female jobs (Licensed Practical Nurse 2) was paid less than the lowest rated of the male jobs (General Repair Worker). To eliminate the gap between women and men's jobs of comparable value, Minnesota phased in increases for underpaid female workers over several years. The important reason was described as, "the most important reason for the majority and several years."

Union Membership

Women workers who belong to a union earn higher wages and experience a smaller pay gap than women who are not represented by a union.³⁹ The total gender wage gap among union members was just 12% in 2012.⁴⁰ Unfortunately, women are overrepresented in union membership decline, accounting for 72% of the decline from 2011-2012.⁴¹ The union workers' focus group expressed that their contracts guaranteed equal pay for equal work. However, many women felt they still faced gender bias when it came to access to overtime, training and promotions, resulting in lower wages.

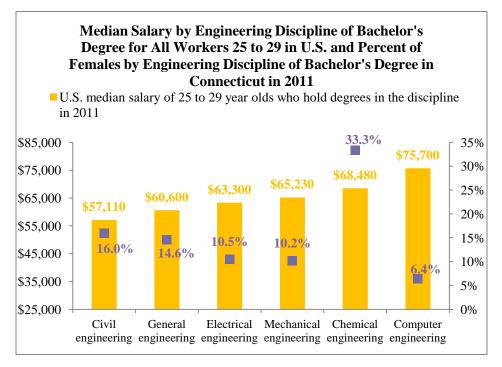
Women in STEM

STEM (science, technology, engineering and math) jobs pay more than non-STEM jobs and the wage gap in STEM jobs is lower than in non-STEM related occupations. Women in STEM earn 86% of what men earn, but only comprise 24% of the sector. Additionally, engineers and math/computer professionals have higher levels of access to flexible work schedules compared to other professionals. Many of the small business leaders the task force met with want to increase gender diversity within their companies, but they receive very few applications from women. The lack of women pursuing STEM careers in the United States is likely the result of expectations and career stereotypes projected on young women. Recent studies suggest there is no science "aptitude gap" between girls and boys. Additionally, engineers and math/computer professionals have higher levels of access to flexible work schedules compared to other professionals.



Data source: ESA calculations from ACS public-use microdata; Chart source: Cornell ICS

It is projected that Connecticut will need to fill 116,000 STEM jobs by 2018.⁴⁵ Unfortunately, female high school students in Connecticut are much less likely than male students to be interested in STEM disciplines. In a recent survey, only 2.2% of girls reported interest in engineering, compared to 19% of boys.⁴⁶ About the same number of girls and boys in Connecticut expressed a general interest in science.⁴⁷ But, women tend to congregate in the lower paying jobs requiring a science degree. From 2010-2011, women represented 60.8% and 88.6% of bachelor's degrees earned in biology and nursing, respectively.⁴⁸ However, the median salaries of biology (\$42,720) and nursing (\$53,650) degree holders in Connecticut are significantly lower than the median salaries for engineering degree holders (\$57,110-\$75,700), where women are vastly outnumbered.



Data Source: IPEDS Data Center and National Center for Educ. Statistics, Table 447; Chart Source: Cornell ICS

The poor retention of women in STEM fields is also a concern. Women comprise more than 20% of engineering graduates, but represent only 11% of practicing engineers. ⁴⁹ In a National Science Foundation funded study from the University of Wisconsin-Milwaukee, nearly half of women who left the engineering field reported they did so because of the workplace climate, too much travel, lack of advancement or low salary. ⁵⁰ These trends were also observed by the task force's small business focus group. In one company, it was necessary for software technicians to be available for clients 24/7. This lack of flexibility was impossible for at least one working mother. Another business leader felt that some of the women she has worked with found the technical work boring and unrewarding. Many in the focus group expressed frustration in the inability to retain talented women. They believe women significantly add value to their companies, especially with skills like interacting with clients, writing reports and collaborating with teams. Often, an employee can learn the necessary technical skills on the job, but skills like relationship building are much more difficult to teach.

Lower Starting Salaries and Positions

One year after earning a bachelor's degree, women earn just 82% of what male graduates earn.⁵¹ Even when controlling for major, type of institution, hours worked and economic sector, the gap only improves to 93%.⁵² One possible explanation is that women are less likely to negotiate their starting salaries.

Negotiation

In a study comparing starting salaries of students graduating from Carnegie Mellon University with master's degrees, the salaries of men were 7.6% higher, or about \$4,000 more, than women's.⁵³ Of those graduates, 57% of the men negotiated their starting salary compared to 7% of the women. Interestingly, the students who negotiated raised their offers by an average of \$4,053—almost exactly the difference seen in starting pay between women and men. This indicates much of the gender wage gap observed in starting salaries of the Carnegie Mellon graduates could have been eliminated if the women had successfully negotiated.⁵⁴

Similarly, a study from Catalyst, taking into account explanatory factors, revealed women start their first post-MBA job at a lower level position than men and trail men in advancement and compensation growth. The gap between women and men's salaries in their first post-MBA job was \$4,600, but during the study the gap soared to over \$31,000.⁵⁵

Research has shown women expect less and view the world as having less negotiable opportunities compared to men.⁵⁶ Unfortunately, the solution is not as simple as encouraging women to negotiate. Because of unconscious bias, women who negotiate their starting salary offers may be perceived negatively by employers.⁵⁷ Teaching women strategies for successful negotiation is crucial to their economic security throughout life. What may seem like a relatively small difference in starting salaries can make a sizeable impact over a career. Consider this example from *Women Don't Ask*:

"...at age 22 an equally qualified man and woman receive job offers for \$25,000 a year. The man negotiates and gets his offer raised to \$30,000. The woman does not negotiate and accepts the job for \$25,000. Even if each of them receives identical 3 percent raises every year throughout their careers (which is unlikely, given their different propensity to negotiate and other research showing that women's achievements tend to be undervalued), by the time they reach age 60 the gap between their salaries will have widened to more than \$15,000 a year...with his extra earnings over the 38 years totaling \$361,171."

A similar story emerged from the task force's focus group with small business leaders. Soon after receiving her degree, a female engineer was hired by a Connecticut company and accepted the salary she was offered. A couple years later, a male engineer applied for a job with the company. Their starting qualifications were identical, but he negotiated for a higher starting salary. The company was comfortable matching his offer because the woman had

already received a raise (he would not be making more than her). However, over the span of their careers, with identical raises, his pay will eventually exceed hers.

Slower Career Advancement and Compensation Growth

Full-time workers aged 20-24 earn 93% of what men are paid. By the time they are aged 55-64, women earn only 75% of what men bring home, on average.⁵⁹ Broken down by age, but not occupation, Connecticut DOL data for the finance and insurance industry shows women earn 70.6% of what men earn among the 22-24-year-old age group, 44.8% of what men earn among the 25-34-year-old age group and just 32.4% of what men earn among the 45-54-year-old age group.⁶⁰ After starting from behind, women do not catch up to men.⁶¹

Catalyst found men outpaced women in both compensation growth and advancement, even if they both started their careers at the entry level. 62 Comparing participants with similar career goals, men who employed the most career advancement strategies received the greatest payoff, with 21% of them advancing to the senior executive/CEO level. On the other hand, only 11% of women using the same tactics advanced to the senior executive/CEO level. Women employing the most number of recommended strategies only fared better than those women who did almost nothing to advance their careers. 63 Regardless of career aspirations, men had a greater rate of advancement than women. 64

Similarly to negotiation, women must learn to master a set of strategies that work best for them, rather than adopt strategies that have traditionally worked for men. Catalyst found men benefited most from scanning for external opportunities (staying aware of their market value) and blurring work-life boundaries—a strategy that can be much more difficult for a working mother. On the other hand, women benefited most by ensuring their managers were aware of their accomplishments and asking for promotions when they felt it was deserved. One possible reason for this is that men are more likely to be promoted for their future *potential*, while women are more likely to be promoted based on their *performance*.

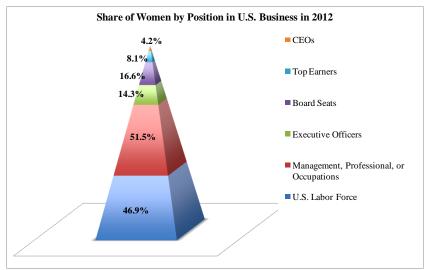
Pay Secrecy

Pay secrecy practices may also play a role in women's slower compensation growth. In the United States, over 60% of employees in the private sector are either prohibited or discouraged from discussing pay with their colleagues. ⁶⁷Already less likely to negotiate, this practice makes it difficult for women to know if they are being paid fairly. While there is no direct link between pay secrecy and the gender wage gap, it is notable that in the federal government, where pay information is public, the total gender wage gap is only 11%. ⁶⁸ The gender wage gap is also much smaller among union members, where pay secrecy practices are also less common. ⁶⁹ Pay transparency, including publishing pay ranges, supplies women with valuable information to prepare for negotiating their starting salaries and pay raises.

The Glass Ceiling

Women make up nearly 50% of the United States labor force, but continue to be vastly underrepresented in leadership positions. They represent only 14.3% of executive officers, 8.1% of the top earners and 4.2% of Fortune 500 CEOs. ⁷⁰ In Connecticut, only 38% of management positions are held by women. ⁷¹ This trend also exists in industries where women are in the majority. Women make up 78.4% of the healthcare and social assistance labor force, but account for only 15.8% of the executive officers, 13.7% of the board directors and 0.0% of the CEOs. ⁷² The glass ceiling is seen in full effect in the results of the Catalyst study. There was no significant difference between the proportion of men and women at the mid-level of a company. However, women's advancement seems to end there—men were twice as likely to be promoted to the senior executive level. ⁷³

Furthermore, the United States economy is not fully tapping into the high level of skill in the female half of the talent pool. In 2010, 58% undergraduate degrees were awarded to women, bringing women's share of the total college educated population to 53%.⁷⁴ However, women account for only 50% of college educated workers in the U.S.⁷⁵



Data Source: Catalyst, "U.S. Women in Business." July 1, 2013 Accessed July 11, 2013, Chart Source: Cornell ICS⁷⁷

Women's Value Add

Studies suggest women at top levels add significant value to companies. In 2007, McKinsey & Company demonstrated companies with women in senior positions score higher on organizational performance than companies with no women in senior positions. Performance increased significantly when a "critical mass" of three or more women at the senior level was attained.⁷⁶

A 2012 report from Credit Suisse found that among companies with market capitalization greater than \$10 billion, those with at least one woman board member outperformed those without women board members by 26% over the past six years. For small-to-midsize companies, those with women on the board outperformed those without by 17%. This is not to suggest a strictly causal relationship—having greater gender diversity at the board level is likely a sign that a company puts greater focus on corporate governance. However, female leaders may contribute to this improved performance.

Evaluating how women may uniquely contribute to performance, McKinsey compared how frequently men and women expressed nine key leadership behaviors. They report women apply five of nine identified leadership behaviors more frequently than men—particularly in personnel development, setting expectations, rewarding work and acting as a role model. Men adopt only two of the behaviors more often than women: individualistic decision-making and control and corrective action.⁸¹

In assessing how these traits might affect organizational performance, the researchers found the behaviors most applied by women reinforce a company's positive work environment, values, accountability and leadership team. ⁸² However, the way work is valued may give men an advantage in career advancement. Many of the leadership traits women are more likely to exhibit result in less visible work, such as building a team or avoiding a crisis. On the other hand, men are likely to be noticed when they use their abilities to make individual decisions and take corrective action in the midst of an existing crisis. ⁸³

Access to Mentors

With so few women at the top, women struggle to find influential mentors. Catalyst demonstrated women do seek out mentors, but men's mentors are often more senior. A Harvard Business Review article reports, "Men's networks provide more informal help than women's do, and men are more likely to have mentors who help them get promoted. This concept was reflected in one of the task force's focus group sessions. A female manufacturer observed men were much more likely to receive informal training opportunities than the few women she worked with. When it came time for promotions, the men who had been exposed to more skills had a clear advantage.

Lack of Support for Working Families

Women are increasingly responsible for the economic security of their families. In 1960, only 11% households included women who were the sole or primary source of income for their families, compared to 40% today. ⁸⁶ 5.1 million (37%) of these are married women who have an income higher than their husbands; 8.6 million (63%) are single mothers who are the sole providers for their families. ⁸⁷According to a study released by the Connecticut Permanent Commission on the Status of Women, households maintained by women are more than twice as likely to fall below the self-sufficiency standard as households maintained by men. 24% of households headed by women with children fall below the federal poverty level; an additional 35% of them fall below the self-sufficiency standard. ⁸⁸

Having children directly impacts a woman's lifetime earnings. Mothers earn lower hourly wages than women without children. According to a 1997 study, after controlling for employment experience, part-time status and characteristics unobservable in the data, such as motivation or commitment, mothers earn 4% less than non-mothers after having one child and 12% less after having two or more children. A 2010 study estimates highly skilled women experience, on average, \$230,000 in lost lifetime wages for having a child and low skilled

women experience, on average, a loss of \$49,000 in lost lifetime wages, while men's earnings are relatively unaffected.⁹⁰

Flextime

Flexible work scheduling helps both mothers and fathers continue to work full-time while also attending to their family responsibilities. In 1985, 12.4% of the workforce had a flexible schedule. That number grew considerably to 27.6% in 1997, but has since leveled off with 27.5% of the workforce taking advantage of flextime in 2004. Flexible work schedules also benefit employers. Flextime workers are 55% more engaged than those with traditional work schedules and flextime increases productivity by 27%. In the task force's focus group with union members, the women believed they were less likely to be granted flextime because it was generally awarded by seniority, rather than need.

Paid Leave

Paid leave also has a significant impact on the economic success of families. New moms who have access to paid family leave are more likely than mothers who do not to return to work 9-12 months after having a child. However, the United States is the only high-income nation not to offer any paid parental leave, and only 11% of the United States workforce has access to it through their employer. 94

The lack of paid parental leave is important to highlight because 13% of families become poor within one month of having a child. If every woman had access to paid leave after having a child, approximately 40,000 more new mothers would return to work each year. Not only would they return to work in greater numbers, but their pay would improve. Women with paid leave are 54% more likely to report wage increases in the year following a child's birth. 64

Paid leave also benefits the economy. Women who return to work after receiving paid leave are 39% less likely to receive public assistance and 40% less likely to receive food stamps in the year after a child's birth. ⁹⁷ Men who return to work after a paid family leave also have a significantly lower likelihood of receiving public assistance and food stamps in the year following birth. ⁹⁸

Finally, paid leave benefits employers. In states like California and New Jersey, where paid family leave is funded by payroll deductions of eligible employees through temporary disability insurance programs, employers are not responsible for the upfront costs of implementing an insurance system. Instead, these programs are worker-funded. The increase of employees returning to the workforce would diminish worker replacement costs for businesses, including recruitment and retraining. While estimated worker replacement costs vary widely, seventeen case studies found the cost of turnover to be 10-30% of the salary of an employee earning up to \$75,000. For all positions, excluding executives and physicians, the median cost of turnover across twenty-seven case studies was 21% of an employee's annual salary. ⁹⁹ In today's competitive market, companies should strive to retain the talented workers in which they have made considerable investments.

While the California business community initially expressed concern over passage of paid family leave legislation, five years after the implementation, businesses report it had minimal impact on their operations. Most employers found paid family leave either had a "positive effect" or "no noticeable effect" on productivity, profitability, turnover and employee morale. Furthermore, 60% of businesses surveyed reported they coordinated paid family leave with their own benefits, resulting in cost savings. ¹⁰¹

Recommendations

Increase Awareness

- ➤ Hold a conference on the gender wage gap in Connecticut, including a networking component and trainings for young professionals, to stay focused on the issue. Promote the inclusion of pay equity in future conferences.
- ➤ Generate materials that can be used by private companies to educate employers and employees about equal pay laws including information on training programs, self-audit techniques, whistleblower protections, the Family Medical Leave Act, Paid Sick Leave, etc.
- ➤ Recruit a group of volunteer companies to help others better understand and promote unconscious bias trainings, develop successful mentorship programs, implement successful strategies to eliminate gender discrimination in the workplace and be active proponents in their industries for the elimination of the gender wage gap.

Promote Education

- ➤ Identify targeted private sector jobs that support greater levels of long term pay equity and economic security for women and promote them within educational institutions.
- Encourage training in companies that want to learn how to measure and manage pay equity issues.
- ➤ Coordinate with programs designed to encourage girls and minority groups to explore non-traditional occupations, especially in STEM fields.
- > Rebrand programs in technical colleges and high schools to attract women into non-traditional occupations.

Encourage colleges and universities to conduct career-preparation courses for students. These programs should teach negotiating skills and other techniques to help new graduates, especially women, understand and leverage their market value.

Support Working Women

- ➤ Increase awareness among employers and employees of existing support for working families through educational materials. For example, the Connecticut Women's Education and Legal Fund has published booklets to educate on a range of issues including, "Pregnancy, Family and Medical Leave in Connecticut" and "Women, Work and Sex Discrimination."
- ➤ Align Connecticut's **Family Medical Leave Act** with the federal Family Medical Leave Act by expanding it to include companies with 50 or more employees.
- ➤ We recommend the active **Family Medical Leave Insurance Task Force**, created by Special Act 13-13, strongly consider this report on the gender wage gap in their study of paid family leave programs.

Make Pay Equity Good Business in Connecticut's Private Sector

- ➤ The state should make equal pay a key component of doing "good business" in Connecticut through its promotional materials and incentives. For example, Connecticut should highlight the "best places for women to work." The results should be widely advertised.
- Encourage companies to:
 - Self-audit and evaluate gender gaps internally;
 - Take appropriate steps to correct any found pay inequity;
 - Limit the practice of pay secrecy by publishing salary ranges and foster a culture of open discussion regarding wages among employees;
 - Take actions to improve culture, including policies that make work-life balance easier for both women and men such as better child care, leave and flextime options; and
 - Generate and share best practices with other businesses in the state.
- > Develop a methodology for companies serving as state contractors of goods and services to report on gender pay equity.

Continue to Monitor Pay Equity in Connecticut

➤ Require a collaboration between the Connecticut Department of Labor, Department of Economic and Community Development and the Permanent Commission on the Status of Women to:

- Review and monitor existing legislation on pay equity;
- Generate benchmarks and metrics to monitor future progress;
- Expand the state's Unemployment Insurance questionnaires to include occupations and full-time vs. part-time status of workers in order to gain a better understanding of the wage gap in Connecticut;
- Analyze the industries and regions with the largest pay gap;
- Learn more about strategies for eliminating the gender wage gap on a city-by-city basis; and
- Produce a biennial report that reviews all data, legislation and actions taken by state agencies, businesses and contractors to address issues of pay equity.

Next Steps

➤ We recommend the Governor ask a subset of this group, or a new group, to create an action plan to execute this report's recommendations.

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Resources

Employer Pay Equity Self-Audit Tools

Equal Opportunities Commission

Equal Pay Self-Audit Kit: A Proactive Approach for Employers to Achieve Equal Pay

National Committee on Pay Equity

Employer Pay Equity Self-Audit

Business and Professional Women's Foundation

Employer Workplace Pay Equity Self Audit

Salary Negotiation Workshops and Tactics

American Association of University Women

Teaching College Women Salary Negotiation: \$tart \$mart Workshops

The Wage Project

Salary Negotiation Workshops

Business and Professional Women's Foundation

ABC World News Negotiation Tips for Equal Pay

Women for Hire

Negotiating Salary 101: Tactics for Better Compensation

These "Free-Market" websites help employees better understand their market value.

Glassdoor.com

Payscale.com

Salary.com

Unconscious Bias Assessments

Project Implicit: Social Attitudes

Discover your implicit associations about race, gender, sexual orientation and other topics.

Cook Ross Inc.

Unconscious Bias Workbook

Employers Network for Equality and Inclusion

Managing Unconscious Bias at Work: A study on staff and manager relationships

National Center for Women & Information Technology

Resources for Unconscious Bias

Anti-Defamation League

Anti-Bias Lesson Plans and Resources for K-12 Educators

Women in STEM Educational Resources

National Girls Collaborative Project

Collection of STEM organizations serving girls

Connecticut Women's Education and Legal Fund

G2O: Generating Girls' Opportunities

Naugatuck Valley Community College

Annual Scott Lawrence Pond Memorial Women in Science Seminar

University of Connecticut

Women in Math, Science & Engineering (WiMSE) Learning Community

Wesleyan University

Women in STEM

Yale University

Women in Science at Yale

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